First Regular Session Seventy-fourth General Assembly STATE OF COLORADO

PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 23-0482.01 Christopher McMichael x4775

SENATE BILL 23-060

SENATE SPONSORSHIP

Rodriguez,

HOUSE SPONSORSHIP

(None),

Senate CommitteesBusiness, Labor, & Technology

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House Committees

A BILL FOR AN ACT

CONCERNING CONSUMER PROTECTIONS IN EVENT TICKET SALES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill amends consumer protection law regarding ticket sales and resales for events. **Section 1** of the bill amends definitions related to event ticket sales to:

- Specify that a "reseller" includes an event operator who acts as a reseller of event tickets; and
- Define a "rights holder" as a person with initial ownership rights to sell a ticket to an event.

Current law imposes certain restrictions on the resale of tickets.

Section 1 exempts from those ticket resale restrictions tickets to events that are initially offered at no charge or as part of a charitable event or for tickets that are offered in compliance with the "Americans with Disabilities Act".

Section 1 also allows an event operator to revoke or restrict tickets that are purchased or sold through deceptive trade practices.

Section 2 specifies that a person engages in deceptive trade practices when, in the course of the person's business, vocation, or occupation, the person:

- Uses computer software or systems that run automated tasks to purchase tickets to events or to circumvent or disable ticket limitation and security measures;
- Displays trademarked, copyrighted, or substantially similar web designs, URLs, or other images and symbols without the consent of the trademark or copyright holder, operator, or rights holder;
- Sells a ticket to an event without disclosing the total cost of the ticket, including the cost of any service charge or other fees that must be paid, or displays service charges and fees less prominently than the total price of the ticket;
- Increases the price of a ticket once the ticket has been selected for purchase, with the exception of adding delivery fees; or
- Advertises, offers for sale, or contracts for the resale of a ticket unless the ticket conforms to its description as advertised, the person has possession or constructive possession of the ticket, and the person has permission from the rights holder.

Section 2 also outlines a civil penalty structure for transactions in which one or more tickets are sold or acquired in a manner that constitutes a deceptive trade practice.

1 Be it enacted by the General Assembly of the State of Colorado:

2 SECTION 1. In Colorado Revised Statutes, 6-1-718, amend

3 $(1)(a), (1)(d), (1)(e), (1)(f), (1)(g), (2), (3)(b), and (5); and add <math>\underline{(1)(c.5)}$.

4 <u>(1)(h), and (6)</u> as follows:

5 6-1-718. Ticket sales and resales - prohibitions - unlawful

6 **conditions - definitions.** (1) As used in this section, unless the context

7 otherwise requires:

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1	(a) "Operator" means a person or entity who THAT owns, operates,
2	or controls a place of entertainment or who THAT promotes or produces
3	entertainment, and that sells a ticket to an event for original sale,
4	including an employee of such person. or entity.
5	(c.5) "PRIMARY TICKET SELLER" MEANS A PERSON THAT HAS BEEN
6	AUTHORIZED BY AN OPERATOR, AS DEFINED IN SUBSECTION (1)(a) OF THIS
7	SECTION, TO SELL A TICKET TO AN EVENT FOR ORIGINAL SALE.
8	(d) "Purchaser" means a person or entity who THAT purchases a
9	ticket to a place of entertainment.
10	(e) "Resale" or "resold" means a sale, other than the original sale,
11	of a ticket by a person. or entity.
12	(f) "Reseller" means a person or entity that offers or sells RESALE
13	tickets for resale after the original sale by the operator OR THAT OPERATES
14	A PLATFORM OR EXCHANGE FOR ADVERTISING, LISTING, OR SELLING
15	RESALE TICKETS, including an entity A PERSON that operates a platform or
16	exchange for the purchase and sale of ORIGINAL SALE tickets to events
17	that also engages in the purchase and resale of the ticket either on behalf
18	of the operator, or on its own behalf if a reseller TO THE EXTENT THAT
19	SUCH PERSON ALSO OFFERS OR SELLS RESALE TICKETS.
20	(g) "Ticket" means a license issued by the operator of a place of
21	entertainment for admission to an event at the date and time specified on
22	the ticket, subject to the terms and conditions as specified by the operator.
23	"RIGHTS HOLDER" MEANS ANY PERSON THAT HAS THE INITIAL OWNERSHIP
24	RIGHTS TO SELL A TICKET TO AN EVENT FOR WHICH TICKETS FOR ENTRY BY
25	THE PUBLIC ARE REQUIRED.
26	(h) "TICKET" MEANS A LICENSE ISSUED BY THE OPERATOR OF A
27	PLACE OF ENTERTAINMENT FOR ADMISSION TO AN EVENT AT THE DATE

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1	AND TIME SPECIFIED ON THE TICKET, SUBJECT TO THE TERMS AND
2	CONDITIONS AS SPECIFIED BY THE OPERATOR.
3	(2) Resellers shall guarantee a full refund to a purchaser OF A
4	TICKET if:
5	(a) The event for which the ticket was resold is canceled;
6	(b) The ticket does not or would not in fact grant the purchaser
7	admission to the event; for which the ticket was resold;
8	(c) The ticket is counterfeit; or
9	(d) The ticket fails to conform to its description as advertised or
10	as represented to the purchaser by the reseller.
11	(3) (b) Nothing in this section shall be deemed to prohibit an
12	operator from prohibiting the resale of:
13	(I) A contractual right in a season ticket package agreement that
14	gives the original purchaser a priority or other preference to enter into a
15	subsequent season ticket package agreement with the operator; OR
16	(II) ANY TICKET OR OTHER EVIDENCE OF THE RIGHT OF ENTRY TO
17	ANY PLACE OF ENTERTAINMENT IF THE TICKET OR OTHER EVIDENCE WAS
18	INITIALLY OFFERED:
19	(A) AT NO CHARGE, AND ACCESS TO THE TICKET OR OTHER
20	EVIDENCE IS NOT CONTINGENT UPON PROVIDING ANY FORM OF MONETARY
21	CONSIDERATION;
22	(B) AS PART OF A CHARITABLE EVENT WITH A CHARITABLE
23	PURPOSE, AS DEFINED IN SECTION 6-16-103 (2); OR
24	(C) IN COMPLIANCE WITH THE FEDERAL "AMERICANS WITH
25	DISABILITIES ACT OF 1990", 42 U.S.C. SEC. 12101 ET SEQ., AS AMENDED.
26	(5) Nothing in this section shall be construed to prohibit an
27	operator from maintaining and enforcing policies regarding conduct or

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1	behavior at or in connection with the operator's <u>venue PLACE OF</u>
2	ENTERTAINMENT. An operator may revoke or restrict season tickets for:
3	(a) Reasons relating to a violation of venue policies; and to the
4	extent the operator may deem necessary for
5	(b) The protection of the safety of patrons; or
6	(c) To address fraud or misconduct, INCLUDING MISCONDUCT
7	THAT CONSTITUTES A DECEPTIVE TRADE PRACTICE AS DESCRIBED IN
8	SECTION 6-1-720.
9	(6) AN OPERATOR OR RIGHTS HOLDER THAT BRINGS A CIVIL ACTION
10	PURSUANT TO SECTION 6-1-113 FOR A VIOLATION OF THIS SECTION IS
11	SUBJECT TO THE PROCEDURES OUTLINED IN SECTION 6-1-720 (5).
12	SECTION 2. In Colorado Revised Statutes, amend 6-1-720 as
13	follows:
14	6-1-720. Online event ticket sales - deceptive trade practice -
15	<u>penalties - civil actions -</u> definitions. (1) <u>A person AN OPERATOR, A</u>
16	PRIMARY TICKET SELLER, A RESELLER, AN INDIVIDUAL, OR ANY OTHER
17	<u>PERSON</u> engages in a deceptive trade practice when, in the course of the
18	person's business, vocation, or occupation, such THE person:
19	(a) Uses or causes to be used a software application that runs
20	automated tasks over the internet to access a computer, computer
21	network, or computer system, or any part thereof OF A COMPUTER,
22	COMPUTER NETWORK, OR COMPUTER SYSTEM, for the purpose of
23	purchasing tickets; in excess of authorized limits for an online event
24	ticket sale with the intent to resell such tickets; or
25	(b) Uses or causes to be used a software application that runs
26	automated tasks over the internet, that circumvents or disables OR USES OR
27	CAUSES TO BE USED MULTIPLE ELECTRONIC MAIL ADDRESSES OR INTERNET

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1	SERVICE PROVIDERS, TO CIRCUMVENT OR DISABLE any electronic queues,
2	waiting periods, or other sales volume limitation systems associated with
3	an online event ticket sale;
4	(c) USES OR CAUSES TO BE USED A SOFTWARE APPLICATION THAT
5	RUNS AUTOMATED TASKS OVER THE INTERNET TO CIRCUMVENT OR
6	DISABLE A SECURITY MEASURE, ACCESS CONTROL SYSTEM, OR OTHER
7	TECHNOLOGICAL CONTROL OR MEASURE ON AN INTERNET WEBSITE OR
8	ONLINE SERVICE THAT IS USED BY THE OPERATOR TO FACILITATE
9	AUTHORIZED ENTRY INTO AN EVENT;
10	(d) Uses or causes to be used an internet website to
11	DISPLAY A TRADEMARKED OR COPYRIGHTED URL, TITLE DESIGNATION,
12	IMAGE, MARK, OR OTHER SYMBOL WITHOUT THE WRITTEN CONSENT OF THE
13	TRADEMARK OR COPYRIGHT HOLDER;
14	(e) Uses or causes to be used an internet website to
15	DISPLAY ANY COMBINATION OF TEXT, IMAGES, WEB DESIGNS, OR INTERNET
16	ADDRESSES, WHICH INTERNET WEBSITE IS SUBSTANTIALLY SIMILAR TO THE
17	INTERNET WEBSITE OF AN OPERATOR OR RIGHTS HOLDER, WITHOUT THE
18	WRITTEN CONSENT OF THE OPERATOR OR RIGHTS HOLDER;
19	(f) SELLS A TICKET TO AN EVENT AT A PLACE OF ENTERTAINMENT
20	WITHOUT DISCLOSING THE TOTAL COST OF THE TICKET, INCLUSIVE OF ALL
21	ANCILLARY FEES THAT MUST BE PAID IN ORDER TO PURCHASE THE TICKET,
22	IN THE TICKET LISTING PRIOR TO THE TICKET BEING SELECTED FOR
23	PURCHASE;
24	(g) SELLS A TICKET TO AN EVENT AT A PLACE OF ENTERTAINMENT
25	WITHOUT DISCLOSING THE PORTION OF THE TICKET THAT REPRESENTS A
26	SERVICE CHARGE, OR ANY OTHER FEE OR SURCHARGE FOR THE PURCHASE,
27	IN A CLEAR AND CONSPICUOUS MANNER;

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1	(h) Makes a false or misleading disclosure of subtotals,
2	FEES, CHARGES, OR ANY OTHER COMPONENT OF THE TOTAL PRICE OF A
3	TICKET OR PRESENTS SUBTOTALS, FEES, CHARGES, OR OTHER COMPONENTS
4	OF THE TOTAL PRICE OF THE TICKET LESS PROMINENTLY OR IN A FONT SIZE
5	THAT IS SMALLER THAN THE FONT SIZE USED TO PRESENT THE TOTAL PRICE
6	OF THE TICKET;
7	(i) INCREASES THE PRICE OF A TICKET AFTER A PURCHASER HAS
8	SELECTED A TICKET FOR PURCHASE; EXCEPT THAT THE PERSON MAY ADD
9	FEES FOR THE DELIVERY OF NONELECTRONIC TICKETS, THE AMOUNT OF
10	WHICH IS BASED UPON THE DELIVERY METHOD SELECTED BY THE
11	PURCHASER, SO LONG AS THE PERSON DISCLOSES THE AMOUNT OF THE
12	DELIVERY FEES PRIOR TO ACCEPTING PAYMENT; OR
13	(j) Advertises, offers for sale, or contracts for the resale
14	OF A TICKET OR ACCEPTS FULL OR PARTIAL CONSIDERATION FOR THE
15	RESALE OF A TICKET, UNLESS:
16	(I) THE TICKET CONFORMS TO ITS DESCRIPTION AS ADVERTISED;
17	(II) (A) THE PERSON HAS POSSESSION OR CONSTRUCTIVE
18	POSSESSION OF THE TICKET; OR
19	(B) THE PERSON HAS A WRITTEN CONTRACT TO OBTAIN THE TICKET
20	AT A CERTAIN PRICE FROM THE RIGHTS HOLDER OF THE TICKET; AND
21	(III) THE RIGHTS HOLDER:
22	(A) HAS MADE THE TICKET AVAILABLE TO THE PUBLIC, INCLUDING
23	THROUGH A PRESALE, FAN CLUB PRESALE, OR ANY OTHER PROMOTIONAL
24	PRESALE EVENT; OR
25	(B) Has otherwise provided permission to the person to
26	ADVERTISE, OFFER FOR SALE, OR CONTRACT FOR THE RESALE OF A TICKET
27	OR TO ACCEPT FULL OR PARTIAL CONSIDERATION FOR THE RESALE OF A

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1	TICKET.
2	(2) As used in this section, unless the context otherwise requires:
3	(a) "In excess of authorized limits", with regard to an online
4	purchase of tickets, means exceeding a restriction on the number of
5	individual tickets that can be purchased by any single person or
6	circumventing any other terms and conditions of access to an online event
7	ticket sale established by the event sponsor or promoter.
8	(b) "Online event ticket sale" means an electronic system utilized
9	by the OPERATOR, sponsor, or promoter RIGHTS HOLDER of a sporting or
10	entertainment event to sell tickets to such event to the public over the
11	internet.
12	(c) "Operator" has the same meaning as set forth in
13	SECTION $6-1-718(1)(a)$.
14	(d) "Place of entertainment" has the same meaning as set
15	FORTH IN SECTION 6-1-718 (1)(c).
16	(e) "PRIMARY TICKET SELLER" HAS THE SAME MEANING SET FORTH
17	<u>IN SECTION 6-1-718 (1)(c.5).</u>
18	(f) "Reseller" has the same meaning set forth in section
19	<u>6-1-718 (1)(f).</u>
20	$\underline{(g)}$ "Rights Holder" has the same meaning as set forth in
21	SECTION $6-1-718(1)(g)$.
22	(\underline{h}) "Ticket" has the same meaning as set forth in section
23	6-1-718 (1)(h).
24	(\underline{i}) "URL" means the uniform resource locator associated
25	WITH AN INTERNET WEBSITE.
26	(3) EXCEPT AS PROVIDED IN SUBSECTION (1) OF THIS SECTION, this
27	section shall DOES not prohibit the resale of tickets in a secondary market

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1	by a person other than the event OPERATOR, sponsor, or promoter RIGHTS
2	HOLDER.
3	(4) (a) Every ticket Transaction in which one or more tickets
4	IS acquired OR SOLD in violation of this section shall constitute
5	CONSTITUTES a separate violation for purposes of assessing a civil penalty
6	under section 6-1-112 (1)(a) and (1)(b) AND SUBSECTION (4)(b) OF THIS
7	SECTION.
8	(b) NOTWITHSTANDING THE CIVIL PENALTIES SPECIFIED IN SECTION
9	6-1-112 (1)(a) AND (1)(b):
10	(I) THE CIVIL PENALTY FOR A VIOLATION OF THIS SECTION IS AS
11	FOLLOWS:
12	(A) A FINE IN AN AMOUNT OF AT LEAST TEN THOUSAND DOLLARS
13	BUT NOT MORE THAN TWENTY THOUSAND DOLLARS FOR A FIRST
14	VIOLATION;
15	(B) A FINE IN AN AMOUNT OF AT LEAST TWENTY-FIVE THOUSAND
16	DOLLARS BUT NOT MORE THAN FIFTY THOUSAND DOLLARS FOR A SECOND
17	VIOLATION;
18	(C) A FINE IN AN AMOUNT OF AT LEAST ONE HUNDRED THOUSAND
19	DOLLARS BUT NOT MORE THAN TWO HUNDRED THOUSAND DOLLARS FOR
20	A THIRD VIOLATION; AND
21	(D) A FINE IN AN AMOUNT OF AT LEAST ONE MILLION DOLLARS BUT
22	NOT MORE THAN TWO MILLION DOLLARS FOR A FOURTH OR SUBSEQUENT
23	VIOLATION.
24	(II) THE CIVIL PENALTY FOR A VIOLATION OF A COURT ORDER OR
25	INJUNCTION ISSUED TO ENFORCE THIS SECTION SHALL NOT EXCEED ONE
26	HUNDRED THOUSAND DOLLARS FOR EACH VIOLATION.
27	(5) (a) THE ATTORNEY GENERAL OR A DISTRICT ATTORNEY MAY

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1	BRING AN ACTION ON BEHALF OF THE STATE AGAINST ANY PERSON:
2	(I) FOR A VIOLATION OF THIS SECTION OR SECTION 6-1-718; OR
3	(II) FOR A VIOLATION OF THIS SECTION OR SECTION 6-1-718 IN
4	CONNECTION WITH A CIVIL ACTION BROUGHT BY AN OPERATOR OR RIGHTS
5	HOLDER PURSUANT TO THIS SUBSECTION (5) OF THIS SECTION AND SECTION
6	<u>6-1-113.</u>
7	(b) AN OPERATOR OR RIGHTS HOLDER MAY BRING A CIVIL ACTION
8	PURSUANT TO SECTION 6-1-113 IN A COURT OF COMPETENT JURISDICTION
9	AGAINST ANOTHER PERSON FOR A VIOLATION OF THIS SECTION OR SECTION
10	<u>6-1-718.</u>
11	(c) (I) AN OPERATOR OR RIGHTS HOLDER THAT BRINGS A PRIVATE
12	ACTION AGAINST ANOTHER PERSON SHALL SERVE, PURSUANT TO RULE 4 OF
13	THE COLORADO RULES OF CIVIL PROCEDURE, THE ATTORNEY GENERAL
14	AND THE DISTRICT ATTORNEY OF THE DISTRICT IN WHICH THE CLAIM WAS
15	FILED A COPY OF THE COMPLAINT AND WRITTEN DISCLOSURE OF
16	SUBSTANTIALLY ALL MATERIAL EVIDENCE AND INFORMATION THE PERSON
17	POSSESSES.
18	(II) THE COMPLAINT MUST BE FILED WITH THE COURT IN CAMERA,
19	MUST REMAIN UNDER SEAL FOR AT LEAST SIXTY-THREE DAYS, AND MUST
20	NOT BE SERVED ON THE DEFENDANT UNTIL THE COURT SO ORDERS.
21	(III) THE DEFENDANT IS NOT REQUIRED TO RESPOND TO ANY
22	COMPLAINT FILED PURSUANT TO THIS SECTION UNTIL TWENTY-ONE DAYS
23	AFTER THE COMPLAINT IS UNSEALED AND SERVED UPON THE DEFENDANT
24	PURSUANT TO RULE 4 OF THE COLORADO RULES OF CIVIL PROCEDURE.
25	(d) (I) The attorney general or district attorney may
26	ELECT TO INTERVENE AND PROCEED WITH THE ACTION ON BEHALF OF THE
27	STATE WITHIN SIXTY-THREE DAYS AFTER IT RECEIVES BOTH THE

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1	COMPLAINT AND THE MATERIAL EVIDENCE AND INFORMATION RELATED TO
2	THE CLAIM.
3	(II) THE ATTORNEY GENERAL OR DISTRICT ATTORNEY MAY, FOR
4	GOOD CAUSE SHOWN, MOVE THE COURT FOR AN EXTENSION OF TIME,
5	DURING WHICH THE COMPLAINT REMAINS UNDER SEAL PURSUANT TO
6	SUBSECTION (5)(c)(II) OF THIS SECTION. THE MOTION MAY BE SUPPORTED
7	BY AFFIDAVITS OR OTHER SUBMISSIONS IN CAMERA.
8	(e) Before the expiration of the sixty-three-day period
9	AND ANY EXTENSIONS GRANTED PURSUANT TO SUBSECTION (5)(d)(II) OF
10	THIS SECTION, THE ATTORNEY GENERAL OR DISTRICT ATTORNEY SHALL:
11	(I) PROCEED WITH THE ACTION ON BEHALF OF THE STATE, IN WHICH
12	CASE THE ATTORNEY GENERAL OR DISTRICT ATTORNEY SHALL CONDUCT
13	THE ACTION; OR
14	(II) NOTIFY THE COURT THAT IT DECLINES TO TAKE OVER THE
15	ACTION, IN WHICH CASE THE OPERATOR OR RIGHTS HOLDER THAT
16	BROUGHT THE ACTION HAS THE RIGHT TO CONTINUE THE ACTION.
17	(f)(I) IF THE ATTORNEY GENERAL OR DISTRICT ATTORNEY DECIDES
18	TO PROCEED WITH AN ACTION BROUGHT PURSUANT TO THIS SUBSECTION
19	(5), THE ATTORNEY GENERAL OR DISTRICT ATTORNEY HAS PRIMARY
20	RESPONSIBILITY FOR PROSECUTING THE ACTION AND IS NOT BOUND BY AN
21	ACT OF THE OPERATOR OR RIGHTS HOLDER THAT BROUGHT THE ACTION.
22	(II) THE OPERATOR OR RIGHTS HOLDER THAT BROUGHT THE
23	ACTION HAS THE RIGHT TO CONTINUE AS A PARTY TO THE ACTION, SUBJECT
24	TO ANY LIMITATIONS SET BY THE COURT.
25	(III) THE ATTORNEY GENERAL OR DISTRICT ATTORNEY, AT ANY
26	TIME, MAY DISMISS THE ACTION, IN WHOLE OR IN PART, NOTWITHSTANDING
27	THE OBJECTIONS OF THE OPERATOR OR RIGHTS HOLDER THAT BROUGHT

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1	THE ACTION, AS LONG AS THE OPERATOR OR RIGHTS HOLDER HAS BEEN
2	NOTIFIED OF THE MOTION TO DISMISS AND THE COURT HAS PROVIDED THE
3	OPERATOR OR RIGHTS HOLDER WITH AN OPPORTUNITY FOR A HEARING ON
4	THE MOTION.
5	(IV) The attorney general or district attorney may
6	SETTLE THE ACTION WITH THE DEFENDANT, NOTWITHSTANDING THE
7	OBJECTIONS OF THE OPERATOR OR RIGHTS HOLDER THAT BROUGHT THE
8	ACTION, IF THE COURT DETERMINES, AFTER A HEARING, THAT THE
9	PROPOSED SETTLEMENT IS FAIR, ADEQUATE, AND REASONABLE UNDER ALL
10	THE CIRCUMSTANCES.
11	(g) IF THE ATTORNEY GENERAL OR DISTRICT ATTORNEY PROCEEDS
12	WITH AN ACTION BROUGHT PURSUANT TO THIS SECTION OR SECTION
13	6-1-718 AND THE COURT DETERMINES THAT THE DEFENDANT HAS
14	VIOLATED THIS SECTION OR SECTION 6-1-718, THE COURT:
15	(I) SHALL IMPOSE CIVIL PENALTIES PURSUANT TO SUBSECTION
16	(4)(b) of this section, for a violation of this section, or civil
17	PENALTIES IN ACCORDANCE WITH SECTION 6-1-112, FOR A VIOLATION OF
18	<u>SECTION 6-1-718; AND</u>
19	(II) MAY AWARD DAMAGES IN ACCORDANCE WITH SECTION
20	6-1-113 TO THE OPERATOR OR RIGHTS HOLDER THAT BROUGHT THE
21	ACTION.
22	SECTION 3. Applicability. This act applies to conduct occurring
23	on or after the effective date of this act.
24	SECTION 4. Safety clause. The general assembly hereby finds,
25	determines, and declares that this act is necessary for the immediate
26	preservation of the public peace, health, or safety.

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